

April 4, 2008

Susan White
Mining Program Coordinator
Minerals Regulatory Program
Division of Oil, Gas, and Mining
1594 West North Temple, Suite 1210
Salt Lake City, UT 84114-5801

Incoming
USG *M014/0008*
cc: Beth
United States Gypsum Company
550 West Adams Street
Chicago, IL 60661-3676
312 436-4000
Fax: 312 672-4093
Task ID# 2327

Founded in 1902

RE: Revision: Letter of Transmittal on Estimated Reclamation Costs for USG Jumbo- Jensen
M/014/008

Dear Ms. White,

This memo is a response to your letter from June 28, 2007 to Joe Crawford in which you had questions and requested several revisions to the Jumbo-Jensen Reclamation Plan. USG has completed these revisions on a basic in-house cost estimate for reclamation of the Jumbo-Jensen Quarry. The cost analysis is attached herewith, and is intended to reflect disturbances in the five (5) maps sent to you last year from Joe Crawford. The total current plus-5 year planned disturbance is 377 acres. If this disturbance was reclaimed, it will involve re-excavating/recontouring about 509,000 cu yards of waste rock (any non-mineable material that has been set aside) and soil which will be revegetated. Disturbed areas include quarries, borrow pits, and haulage roads.

The cost estimate is patterned after a federal contract and includes current figures for equipment utilization, recontouring, site monitoring, insurance, revegetation, razing of buildings, and labor. The razing cost is related to removal of a powder magazine and a water tank. From this exercise, we estimate that the total reclamation cost for existing disturbances and disturbances over the next five years is roughly \$4.9 million. This cost assumes that no reclamation is done going forward during the next five years, and that the work is conducted by an outside contractor. This does not mean that USG will discontinue reclamation efforts. We would like to meet in the near future to discuss this plan. Upon your acceptance, we will provide a letter of credit that will be adjusted accordingly.

Joe Crawford left USG in July of 2007. Please contact Larry Pawlosky or the following people in the future if you require additional information:

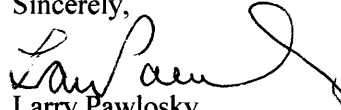
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Sincerely,



Larry Pawlosky
Senior Manager, Mines and Quarries
U.S. Gypsum Company

RECEIVED
APR 10 2008

United States Gypsum Company, Sigurd Utah
Reclamation Cost Calculations
Jumbo-Jensen Quarry M041008
Sevier County, Utah

Revised - April 2008

Sources of Data

Scott Machinery - Salt Lake City, Utah (3/13/07)			
Monthly rental rates are based upon 176 operating hours			
Estimated diesel fuel cost per gallon	\$ 3.30		
John Deere 1050C bulldozer = \$14,000		79.55	
John Deere 770D grader = \$5,900		33.52	
John Deere 270D hydraulic excavator = \$7,000		39.77	
5000 gal. Water Truck(self loading)		25.82	
Mobilization/ Demobilization for all equipment= \$3,500			
		3.0	
			\$ 132.35
			\$ 53.32
			\$ 62.87
			\$ 35.72

Equipment Center - Richfield, Utah (3/13/08)		\$/Hour
120 hp tractor - \$0.20 per HP/HR-\$23/HR		23.00
105 HRS Minimum/Month		16.50
Fuel usage - 5 gallons/hour @ \$3.30/gallon		39.50
Subtotal \$/hour for tractor		35.00
Ripper		35.00
Disk		35.00
Fertilizer Spreader		35.00
Power Mulcher		25.00
Ring Roller		35.00
Broadcast Seeder		35.00
Mobilization/ Demobilization @ \$1250 per piece of equipment		
Ripper, disk, etc. counted as one piece of equipment total		

Re-seeding	\$/Acre
Miscellaneous Seed	240.00

U. S. Dept. of Labor, Davis-Bacon Wage Rates*				
	Wage	Fringe	Total	
Dozer Operator	22.78 \$	10.86 \$	33.64	
General Laborer	13.25 \$	2.79 \$	16.04	

*Wages according to Sevier County, Utah Highway Construction parameters

*Road lengths determined from quarry autocad drawings

(A) Earthwork, Recontouring, Ripping or Scarifying

(1) Roads

Given:
Till, boulder clay/hardpan, Medium Hard, Grader Rear Ripper - 180 HP, ideal conditions

Roads will be ripped to a depth of 1 foot
Total area = 47.8 acres

R. S. Means Heavy Equipment Construction Cost Data 2006		Bare Equipment Cost Adjusted for Zip Code \$4867	Bare Labor Cost	Total	Total including Overhead and Profit @ 23.8%	Total Cost Per Cu. Yd.	
Grader Ripper (John Deere 770D), 180 HP (31-23-16-32-2310)		\$	0.76		\$ 0.94		
Grader Ripper (John Deere 770D), 180 HP (31-23-16-32-2310)	0.82	\$		1.58	\$ 1.02	1.96	
Hydraulic Excavator (John Deere 270D) (31-23-16-42-0260)		\$	0.43		\$ 0.53		
Hydraulic Excavator (John Deere 270D) (31-23-16-42-0260)	0.79	\$		1.22	\$ 0.98	1.51	
Crawler Dozer (John Deere 1050C) (31-23-16-46-5400)		\$	0.94		\$ 1.16		
Crawler Dozer (John Deere 1050C) (31-23-16-46-5400)	2.94	\$		3.89	\$ 3.64	4.80	
Water Truck-5000 gallon/self loading(31-23-23-18-1220)		\$	0.32		\$ 0.40		
Water Truck-5000 gallon/self loading(31-23-23-18-1220)	0.35	\$		0.67	\$ 0.43	0.83	
Road Reclamation		Length (ft.)	Width (ft.)	Thickness (ft.)	Cubic Yards	Labor Cost	Equipment Cost
Jensen Mine		24,833	40	1	36,790	\$ 49,189	\$ 53,288
Jumbo Mine		27,257	40	1	40,381	\$ 53,991	\$ 58,490
Subtotal Roads		\$2,090			77,170	\$ 103,180	\$ 111,778
Total Ripping/Scarifying Roads						\$ 103,180	\$ 111,778
							214,968

SEE ATTACHMENT "A" JUMBO / JENSEN RECLAMATION VOLUMES

(2) Pits and Overburden Piles
Recontouring

Given:
Equivalent to ripping till, boulder clay/hardpan, Medium Hard, Grader Ripper, Hydraulic Excavator, Crawler Dozer, ideal conditions

Recontouring Waste Pile Surfaces		Cubic Yards	Labor Cost	Equipment Cost	Cost/Cubic Yard
Jumbo Mines		56000	\$ 61,882	\$ 167,115	\$4.09
Jensen Mines		453000	\$ 500,583	\$ 1,351,842	\$4.09
Total Labor Cost			\$ 562,465	\$ 1,518,957	
Total Waste Rock Pile Recontouring		509000		\$ 2,081,422	\$4.09

*Cost per cubic yard = dozer+excavator+water truck
*Assumption that 70% of material by Dozer, 30% material by Excavator.

(3) Razing Buildings and Equipment

Given:	Group 4 Demolition Crew	Data Source: Richardson Engineering Services, Inc. (1998) Inflated by 3% annually from 1998 to 2008									
		1998 Wage/Equipment Rates	Overhead	Total	Increased 3% per year	Overhead	Total	1998	2008	100%	
Foreman with pickup truck		\$ 6.00	\$ 29.35	\$ -	\$ 10.49	\$ 38.49	\$ -	\$ -	\$ -	\$ -	
Caterpillar 950F Series II wheel loader		\$ 41.00	\$ 27.95	\$ -	\$ 53.76	\$ 36.65	\$ -	\$ -	\$ -	\$ -	
Laborers (3)		\$ 64.50	\$ 64.50	\$ -	\$ -	\$ 84.58	\$ -	\$ -	\$ -	\$ -	
Truck drivers (2) with 10 CY dump trucks		\$ 60.00	\$ 22.55	\$ -	\$ 78.68	\$ 29.57	\$ -	\$ -	\$ -	\$ -	
Air compressor 150 CFM with air tools and accessories		\$ 16.00	\$ -	\$ -	\$ 20.98	\$ -	\$ -	\$ -	\$ -	\$ -	
Subtotal Group 4 Per Hour		\$ 125.00	\$ 144.35	\$ 72.18	\$ 163.91	\$ 189.28	\$ 94.65	\$ -	\$ -	\$ -	
Allowance for general conditions and overhead (50% of labor)		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Total Cost Per Hour		\$ -	\$ -	\$ 342	\$ 37%	\$ 42%	\$ 21%	\$ 44%	\$ 100%	\$ -	
Percentage of Total Cost											

Group 4 Crew at \$448 per hour					
	Steel	Wood	Masonry	Concrete	
5.3 hours estimated	\$ 2,373.55				
5.5 hours estimated		2,463.11			
12.5 hours estimated			5,597.99		
6.8 hours estimated				3,045.30	
Subtotal Cost	\$ 2,373.55	\$ 2,463.11	\$ 5,597.99	\$ 3,045.30	
Contractor overhead and profit of 28.3%	\$ 564.90	\$ 586.22	\$ 1,332.32	\$ 724.78	
Total Subcontract	\$ 2,938.45	\$ 3,049.33	\$ 6,930.31	\$ 3,770.09	
Subcontract Standard Unit Price Per Cubic Foot	\$ 0.28	\$ 0.30	\$ 0.89	\$ 0.98	

Demolition and Razing Structures					
Water tank (12,000 gallons) - estimated 40 hours	Length	Width	Height	Cubic Feet	Total Cost
Cap magazine - steel	20	12	12	2,280.00	\$ 17,914
AP Emulsion magazine - steel	8	8	8	512	\$ 150
Inactive powder magazine - masonry	8	8	8	512	\$ 150
Dump Fee Allowance @ \$7.21 per cu. Yd. @ Regional landfill	40		10	8,000	\$ 5,544
Allow 74 cu. Yd. per 10,000 cu. Ft. of building volume				11,284	\$ 3,013
Total Demolition and Razing of Structures					\$ 26,772
Overhead and Profit @ 23.8%					\$ 35,144
Labor Cost Proportion for Insurance Premium (37% of total cost)					\$ 9,908

(B) MONITORING

Given:					
Quarterly inspection for two growing seasons.					
Two weeks per quarterly inspection (4 weeks/year)					
Truck rental-inspector vehicle \$400/week- Total \$1600					
Field engineer's salary at \$1125 per week.					
Project manager's salary at \$1,850 per week.					
Field Personnel Costs From R. S. Means Heavy Construction Cost Data for 2008	Bare Equipment Cost	Bare Labor Cost	Overhead and Profit	Total Cost	
Field engineer, average (01-31-13-20-0120)	NA	\$ 1,125	23.8%	\$ 1,393	
Project manager, average (01-31-13-20-0200)	NA	\$ 1,850	23.8%	\$ 2,290	

Project Supervision and Revegetation Monitoring				
Revegetation Monitoring	Weeks	Weekly Salary	Total Cost	
Quarterly inspection - field engineer, three years	6	\$ 1,393	\$ 8,357	
Reclamation Project Supervision				
Project supervision - 24 months to complete project	104	\$ 2,290	\$ 238,191	
Vehicle rental -fuel			\$ 2,000	
Total Project Monitoring and Revegetation Monitoring Labor Cost			\$ 248,548	

Prepared by:
Larry Pawlosky
Senior Manager, Mines and Quarries U. S. Gypsum Company

(C.) REVEGETATION AND STABILIZATION

Table 1.-Estimated Revegetation Cost for Pits and Overburden Piles (April 2008)

Equipment	Cost/Day	Cost/Hour	Total Cost/Hour	Acres/Hour	Acres	Hours	Cost	Cost/Acre
200 HP Dozer		132.35			377			
Disk	\$ 35.00	\$ 35.00	\$ 167.35	1.5		565.50	\$ 117,157	\$ 310.76
Fertilizer Spreader	\$ 35.00	\$ 35.00	\$ 167.35	2.0		754.00	\$ 156,209	\$ 414.35
Broadcast Seeder	\$ 35.00	\$ 35.00	\$ 167.35	1.5		565.50	\$ 117,157	\$ 310.76
Power Mulcher	\$ 25.00	\$ 25.00	\$ 157.35	1.0		377.00	\$ 73,437	\$ 194.79
Crimper	\$ 35.00	\$ 35.00	\$ 167.35	2.0	377	754.00	\$ 156,209	\$ 414.35
Total Cost For Equipment (includes 23.8% O&P)								\$ 620,189

Wages	Wage/Hour	Benefit/Hour	Sum	Hours	Efficiency Adjustment	Adjusted Hours	Total Wage
Bulldozer Operator (Davis Bacon Group 8, Area 2)							
Disk	\$ 22.78	\$ 10.86	\$ 33.64	565.50	0.2	678.6	\$ 28,261
Fertilizer Spreader	\$ 22.78	\$ 10.86	\$ 33.64	754.00	0.2	904.8	\$ 37,682
Broadcast Seeder	\$ 22.78	\$ 10.86	\$ 33.64	565.50	0.2	678.6	\$ 28,261
Power Mulcher	\$ 22.78	\$ 10.86	\$ 33.64	377.00	0.2	452.4	\$ 18,841
Crimper	\$ 22.78	\$ 10.86	\$ 33.64	754.00	0.2	904.8	\$ 37,682
Laborer (Davis Bacon Group 1, Area 2)							
Mulching	\$ 13.25	\$ 2.79	\$ 16.04	311	0.1	342.1	\$ 6,793
Total Cost For Wages							
Total Cost For Equipment and Wages (includes 23.8% profit)							
							\$ 727,648.18

Seed, Fertilizer, & Mulch	Cost/Acre	Total Cost
Seeds	\$ 240.00	\$ 80,480.00
Fertilizer + Mulch	\$ 196.00	\$ 73,616.00
Total		\$ 153,996.00

Table 2. - Estimated Revegetation Costs for Roads, Exploration Areas, and Building Lots (April 2008)

Equipment	Cost/Day	Cost/Hour	Total Cost/Hour	Acres/Hour	Acres	Hours	Cost	Cost/Acre
120 HP Tractor		23.00						
Ripper	\$	35.00	\$ 58.00	1.5	52.8	35.2	\$ 2,528	\$ 47.87
Disk	\$	35.00	\$ 58.00	2.5	52.8	21.1	\$ 1,517	\$ 28.72
Fertilizer Spreader	\$	35.00	\$ 58.00	4.0	52.8	13.2	\$ 946	\$ 17.95
Broadcast Seeder	\$	35.00	\$ 58.00	2.5	52.8	21.1	\$ 1,517	\$ 28.72
Power Mulcher	\$	25.00	\$ 48.00	1.0	52.8	52.8	\$ 3,138	\$ 59.42
Crimper	\$	35.00	\$ 58.00	2.0	52.8	105.6	\$ 7,583	\$ 143.61
Total Cost For Equipment (includes 23.8% profit)							\$ 17,228	\$ 326
Wages								
120 HP Tractor								
Ripper	\$	22.78	\$ 10.86	35.2	0.2	42.24	\$ 1,759	
Disk	\$	22.78	\$ 10.86	21.1	0.2	25.344	\$ 1,055	
Fertilizer Spreader	\$	22.78	\$ 10.86	13.2	0.2	15.84	\$ 660	
Broadcast Seeder	\$	22.78	\$ 10.86	21.1	0.2	25.344	\$ 1,055	
Power Mulcher	\$	22.78	\$ 10.86	52.8	0.2	63.36	\$ 2,639	
Crimper	\$	22.78	\$ 10.86	105.6	0.2	126.72	\$ 5,277	
Laborer	\$						\$ 769	
Mulching	\$	13.25	\$ 2.79	35.2	0.1	38.72	\$ 1,216	
Total Cost For Wages							\$ 13,216	
Total Cost For Equipment and Wages (includes 23.8% overhead & profit)							\$ 30,443	

Seeds, Fertilizer, and Mulch	Cost/Acre	Total Cost
Seeds	\$ 240.00	\$ 12,672
Fertilizer + Mulch	\$ 1193.00	\$ 10,286.00
Total		\$ 22,958.00

Table 3. Summary of Revegetation Costs (April 2008)

Component of Revegetation	White Rock Piles	Roads	Total
Equipment	\$ 620,169	\$ 17,228	\$ 637,397
Wages	\$ 157,520	\$ 13,215	\$ 170,734
Seeding, Fertilizer, and Mulch	\$ 163,995	\$ 22,968	\$ 186,963
Total	\$ 941,683	\$ 53,411	\$ 995,094
10% Administrative Fee	\$ 94,168	\$ 5,341	\$ 99,509
Total Cost For Revegetation	\$ 1,035,851	\$ 58,752	\$ 1,094,604
Acres	377	52.8	
Total Cost Per Acre For Revegetation	\$ 2,748	\$ 1,113	

(D) Recapitulation of Total Reclamation Costs

Earthwork and Recontouring		Labor	Equipment	Materials
1. Roads	\$	103,180	\$ 111,778	\$ -
2. Pits and rock piles	\$	562,465	\$ 1,518,957	\$ -
3. Buildings and equipment	\$	9,906	\$ 16,966	\$ -
Subtotal Earthwork and Stabilization		\$ 675,550	\$ 1,647,802	\$ -
Revegetation and Stabilization		Labor	Equipment	Materials
1. Monitoring (post reclamation)	\$	248,548	\$ 4,320	\$ -
Monitoring and Mobilization Total	\$	248,548	\$ 4,320	\$ -
Revegetation and Stabilization Total	\$	170,734	\$ 837,397	\$ 188,963
Total Earthwork and Revegetation		\$ 1,084,832	\$ 2,289,319	\$ 188,963

(E) Insurance (15% of total labor cost)

Area	Earthwork	Revegetation
Roads	\$ 103,180	\$ 13,215
Waste Piles	\$ 562,465	\$ 157,520
Demolition/Razing	\$ 9,906	\$ -
Monitoring	\$ 248,548	\$ -
Subtotal Labor	\$ 924,098	\$ 170,734
Grand Total Labor	\$ 1,094,832	
Insurance (15%) of total labor cost	\$ 164,225	

(F) Totals

Total Reclamation Costs - Add-ons		Labor	Equipment	Materials
Total Earthwork and Revegetation	\$	1,084,832	\$ 2,289,319	\$ 188,963
Insurance (15% of total labor)	\$	164,225	\$ -	\$ -
Site/Public Protection-Signage,gates, berms	\$	4,500	\$ 7,000	\$ 8,500
10% Reclamation management fee	\$	109,483	\$ 228,932	\$ 18,696
10% Contingency	\$	183,000	\$ 363,550	\$ 18,700
3.2% escalation	\$	70,500	\$ 141,100	\$ 7,500
Total	\$	1,626,540	\$ 3,029,901	\$ 240,359
Grand Total		\$ 4,896,800		

Response- First Review Notice of Intention to Commence Large Mining Operations

US Gypsum Company
Jumbo / Jensen Mine
M/041/008
31-Mar-2008

R647-4-106

106.3 Attachment "A" provides in table format a summary of disturbed acreage for each area.

R647-4-113 -SURETY

General Statements

- a) Decimal points have been limited on each Excel spreadsheet
- b) Water truck cost has been added to the reclamation cost estimate.
- c) Surveying cost has been added to the reclamation cost estimate.
- d) There will be no topsoil redistribution. The existing subsoil and rock from each pit will be used to recontour the pits.
- e) Mobilization/demobilization costs have been added to the reclamation cost estimate.
- f) O&P was adjusted to 23.8%
- g) Adjustment multiplier was applied to bare equipment cost only.
- h) Waste rock pile yardages have been shown in table format for both Jumbo and Jensen.
- i) Razing buildings and equipment (3) hours to complete demolition was estimated.
- j) The structures are very small, have no foundations and will not require extensive man-hours to complete.
- k) The dump site location is the Sevier County Landfill located 5 miles from the Jensen Mine. The dump fee is \$7.21/ cubic yard.
- l) No building materials will be salvaged and site cleanup costs will be minimal.
- m) No explosive remnants, combustible or flammable liquids will be present for disposal.
- n) The 12,000 gallon water tank will be sold for scrap.
- o) There will be no cost of materials in addition to labor for demolition of the cap, powder, emulsion magazines.
- p) There are no utility lines in the Jumbo/Jensen Mine to be removed.
- q) The water truck used will be self loading.
- r) No fill material will be required to reclaim the cap, powder magazine, emulsion storage area.
- s) Cost for public safety have been added to the reclamation cost.
- t) Adjustment for zip code has been removed from monitoring cost.
- u) Equipment cost for monitoring has been added.
- v) Indirect cost contingency, reclamation management fee and escalation has been added to reclamation plan cost.

